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IN THE

Supreme Court of the United States

No. 1114

JEROME GROSS,

Petitioner,

v.

JFD MANUFACTURING CO., INC.,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

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To the Honorable Chief Justice and Associate Justices of the Supreme Court of the United States:

Petitioner, Jerome Gross, respectfully prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Second Circuit entered on March 1, 1963.

Opinions Below

The opinion of the Court of Appeals for the Second Circuit, reversing the District Court, is reported at 314 F. 2d 196. It is reprinted in full as an appendix to this petition.

The opinion of the United States District Court is reported at 207 F. Supp. 631. It is reprinted in full in the nine printed copies of the record at 142a-153a filed with this petition pursuant to Supreme Court Rule 23(1).

Jurisdiction

The judgment of the Court of Appeals was entered on March 1, 1963. A timely petition for rehearing in banc was denied on March 26, 1963. The mandate of the Court below has been stayed to May 24, 1963 to permit this petition.

The jurisdiction of this Court is founded on 28 U. S. C. §1254(1).

Questions Presented

1. Did the Patent Act of 1952, in Section 103, change the standard of patentability from a subjective requirement of "invention" to a more objective test of unobviousness to one of ordinary skill in the art, as stated by Judge Rich,[1] one of the drafters of the Code and of that section?

2. Is the standard of patentability an intuitive determination, or one based on objective tests as held by Judge Learned Hand in *Lyon* v. *Bausch & Lomb Optical Co.*, 224 F. 2d 530?

3. Where the experts in the most relevant commercial art failed, during eight months of search, to find patentee's

1. Excerpts from article by Judge Giles S. Rich (C. C. P. A.), The George Washington University Law Review, Volume 28, January 1960; portions reprinted in the record at 233a.

solution to an existing problem, was that solution "obvious" to one of "ordinary skill in the art" under 35 U. S. C. 103?

4. May a Court of Appeals reverse the trial court by substituting an arbitrary and subjective standard of "invention," for the following objective tests under 35 U. S. C. 103, found to be satisfied by the trial court: the existence of a problem; the industry (and particularly defendant) intensively seeking for eight months to solve the problem without success; recognition of the invention as a solution to the problem and immediate adoption of the invention by the industry; the patented invention supplanting the existing techniques, and instant commercial success of the patented invention; and careful scrutiny of the application for letters patent and the most pertinent prior art being found by the examiner in the Patent Office?

Statute Involved

The pertinent statute is 35 U. S. C. 103, which reads:

"103. Conditions for patentability; non-obvious subject matter

A patent may not be obtained though the invention is not identically disclosed or described as set forth in Section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made."

Statement of the Case

Brief Historical Review of Cases Which Gave Rise to the Patent Act of 1952

The Patent Act of 1952, in Section 103, was intended to be a corrective to a situation which was in dire need of direction.[2]

In the usual patent infringement action defendant denies the validity of the patent by asserting prior patents and customarily argues that the differences between the patent in suit and the prior patents are not "patentable" differences.

Prior to 35 U. S. C. 103, defendant argued that the differences did not amount to "invention". "Invention" had will-o'-the-wisp characteristics and was universally held to be incapable of objective definition. As a result, each trial judge, as well as each circuit court panel, had its personal "standard of invention", and various phrases were generated in an attempt to define "invention". Some of these phrases were, "Exercise of the inventive faculty", "the creative faculty", "inventive skill", or "inventive effort", "the creative work in the inventive faculty", "a substantial invention or discovery", "the flash of creative genius".[3]

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2. Study of the Subcommittee on Patents, etc. of the Committee on the Judiciary, U. S. Senate, 85th Congress, First Session, Study No. 7, page 16, which reads, "This section (Section 103) should have a stabilizing effect and minimize great departures which have appeared in some cases." At page 17, there appears the following "Revision Notes", "This paragraph is added with the view that an explicit statement in the statute may have some stabilizing effect, and also to serve as a basis for the addition at a later time of some criteria which may be worked out."

3. Excerpts from the article by Judge Rich, portions reprinted in the record at 230a, 231a.

Such adjectival expressions were manifestly intuitive and subjective appraisals by the reviewers.[4] As a result, the fate of the patent came to depend on the socio-economic philosophy of the particular trial court or appellate panel which adjudicated the patent,[5] rather than on the merits of the invention as judged in the market place.

The Patent Act of 1952 Was Intended to be a Salutary Corrective

The Patent Act of 1952, Section 103, was enacted to provide more objective criteria for establishing a standard of patentability. Recognizing the elusive nature of "invention" as a requirement for patentability, the drafters of the Act deliberately omitted any reference to the requirement of "invention".[5] Instead, Section 103 sets as the standard of *patentability* the "unobviousness" of the invention, at the time it was made, to a person having ordinary skill in the art.[6]

In 1955, Judge Learned Hand, speaking for the Second Circuit Court of Appeals in the landmark case, *Lyon* v. *Bausch & Lomb Optical Co.*, 224 F. 2d 530, held that 35 U. S. C. 103 modified the standard of patentability, and that where possible patentability should rest on the satisfaction of objective criteria.

In 1960, Judge Learned Hand, again speaking for the Court in *Reiner* v. *I. Leon Co., Inc.*, 285 F. 2d 501, charac-

4. Columbia Law Review, The Standard of Patentability, Vol. 63, February 1963, pages 306, 307.

5. Article by Judge Rich, page 232a of printed record.

6. Page 233a of record.

terized the objective criteria as signposts and made the following, often quoted, comment:

> "There can be no doubt that the Act of 1952 meant to change the slow but steady drift of judicial decision that had been hostile to patents which made it possible for Mr. Justice Jackson in dissent to speak of the 'strong passion in this Court for striking them' (patents) 'down so that the only patent that is valid is one which this Court has not been able to get its hands on.' * * * We still cannot escape the conclusion—as we could not when Lyon v. Bausch & Lomb Optical Co., supra, was decided in 1955—that Congress deliberately meant to restore the old definition, and to raise it from a judicial gloss to a statutory command.
>
> * * * To judge on our own that this or that new assemblage of old factors was, or was not, 'obvious' is to substitute our ignorance for the acquaintance with the subject of those who were familiar with it. There are indeed some signposts: e.g. *how long did the need exist; how many tried to find the way; how long did the surrounding and accessory arts disclose the means; how immediately was the invention recognized as an answer by those who used the new variant?*" (Emphasis added to illustrate the objective criteria.)

Judge Rich, one of the drafters of the Act, has stated that the *Lyon* v. *Bausch & Lomb* opinion expresses clearly what was actually in the minds of the drafters of the Act.[7] This Court in *Fourco Glass Co.* v. *Transmirra Prod. Corp.*, 353 U. S. 222, 227, stated that expressions by persons hav-

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7. Record 232a.

ing importantly to do with revisions of statutes will be considered in determining the interpretation of the statute.[8]

Unfortunately, however, the objective criteria doctrine has not been followed by most circuit courts,[9] which continue to follow the rule of intuitive standard. It appears that the Fourth Circuit,[10] and certain panels of the Second Circuit,[11] follow Judge Hand's objective criteria doctrine. The standard, therefore, continues to run a most tortuous course. The counseling of clients is no longer dependent on stare decisis, but instead on the attitude towards patents of the circuit in which the suit is brought and the philosophy of the trial judge; a situation antithetical to our system of jurisprudence.

The Facts of This Case Satisfied the Objective Criteria for Patentability

The findings of fact framed by the trial judge, after listening to technical testimony from three expert witnesses, in addition to the inventor, established the following:

a. With the advent of UHF television, the electronics industry was confronted with the problem of signal deterioration caused by existing stand-off insula-

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8. Justices Black and Brennan in their concurring opinions in *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U. S. 336, 347, 366, quoted extensively from Judge Rich's testimony before the Subcommittee of the House Judiciary Committee for authority in interpreting the statute.

9. Statistical study appearing in Columbia Law Review article, *supra* footnote 4.

10. *Honolulu Oil Corp. v. Shelby Poultry Co.*, 293 F. 2d 127.

11. Petition for Rehearing, pages 2 and 3, of the Certified Record.

tors, i.e., insulators for securing and supporting the antenna lead-in wire away from a building structure (Finding 20, R. 146a).

b. Defendant, the largest television accessory laboratory in the world, sought intensively for a solution to the problem (Finding 20, R. 146a, 177a, 179a, 180a).

c. Approximately eight months after defendant had begun its intensive research for the solution to the problem, plaintiff announced his novel insulator to the industry (Findings 20 and 11, R. 146a, 143a).

d. Defendant, and substantially the entire industry immediately copied plaintiff's insulator (Findings 11, 24, R. 143a, 148a).

e. The novel insulator immediately supplanted the existing insulator and became a commercial success (Findings 7, 24, R. 143a, 148a).

f. The patent application was thoroughly examined in the Patent Office and the examiner found the invention patentable over prior art more relevant than that relied upon by defendant (Findings 24, 25, R. 147a).

g. The patented insulator consisted of two parts, each structurally and functionally novel to form a new combination (Finding 18, R. 145a).

h. The electrical and mechanical advantages of the patented insulator were not found in any of the prior patents considered alone or in combination (Findings 21, 22, 23, R. 146a).

i. The patented insulator was not obvious to one of ordinary skill in the art (Finding 25, R. 148a).

The facts found and the record clearly satisfy the objective criteria of patentability and, accordingly, the trial court held the patent valid and infringed.[12]

Under the mandate of Rule 52 of the Federal Rules of Civil Procedure, the reviewing court should accept the court's findings of fact "unless clearly erroneous." In *Armour & Co.* v. *Wilson & Co.*, 274 F. 2d 143, 151, the Seventh Circuit sitting in banc to resolve whether the standard of "invention" was a question of law or a mixed question of law and fact, held as follows:

> "In Graver (69 S. Ct. 537) Mr. Justice Jackson, speaking for the Court, held that 'where the evidence is largely the testimony of experts as to which a trial court may be enlightened by scientific demonstrations', Rule 52(a) of the Federal Rules of Civil Procedure, 28 U. S. A., was clearly applicable and that an appellate court would reverse only 'clearly erroneous' findings. In the absence of such 'clearly erroneous' findings, the Court affirmed, stating that 'while the ultimate question of patentability is one of meeting the requirements of the statute, * * * the *facts as found* * * * *warrant a conclusion here that as a matter of law those statutory requirements have been met.*'" (Emphasis added.)

In the present case, defendant, on appeal, did not contest the findings.[13] The Court of Appeals reversed the

12. In addition to the satisfaction of the objective criteria, even defendant's vice-president testified that in his opinion the invention contained a patentable feature (R. 183a, 184a, 185a).

13. If the Seventh Circuit Rule were applied by the Second Circuit the decision of validity by the trial court would have been affirmed

District Court without acknowledging the legal effect of the findings (except a brief comment on the irrelevancy of commercial success), but held simply that in its opinion the invention was "obvious". The Court of Appeals assumed an arbitrary and subjective standard of "obviousness", and found intuitively that the patented insulator did not attain that level. A holding of obviousness here is logically irreconcilable with the fact that defendant, the largest television accessory laboratory in the world, and keenly responsive to the industry's needs, worked intensively for eight months to solve the problem, without success. The period of defendant's research for the solution was terminated after eight months only because it learned of and copied the patented insulator. It does not take that long to discover what would be obvious to a person having ordinary skill in the art (35 U. S. C. 103).

Reasons for Granting the Writ

Rule 19(b) of this Court indicates that one of the considerations which this Court weighs in deciding to grant a writ of certiorari, is where this Court has not settled an important question of federal law.[14]

Since the enactment of the Patent Act of 1952, this Court has not passed on 35 U. S. C. 103—the standard of patentability. This section of the statute is of critical im-

14. Mr. Chief Justice Hughes, addressing the American Law Institute Meeting (1934) 20 A. B. A. J. 341, offered the following guidepost which is applicable here: "It is not the importance of the parties or the amount involved that is controlling, but the need of securing harmony of decisions and the appropriate settlement of questions of general importance so that the system of federal justice may be appropriately administered."

portance as it is involved in practically every patent infringement action; it has suffered divergent polar interpretations not only by the different circuit courts, but even by panels in the same circuit. The course of the standard has been so tortuous and unpredictable, that Judge Medina in a dissenting opinion in *Lorenz* v. *F. W. Woolworth*, 305 F. 2d 102, 107, has suggested that whether or not a patent is sustained has come to depend on the particular reviewing panel. The vacillating and unpredictable nature of the standard from circuit to circuit is detailed by the statistical study in the Columbia Law Review article. At page 324 of the article, the author summarizes as follows:

> "Thus far nothing indicates that the courts are moving toward a common interpretation of the statute. Indeed, the decisions within a particular circuit are not always consistent, the result varying with the fact situation as well as the particular judge's philosophy of the patent system. The persistent refusal of the Supreme Court to dispose of the question seems to indicate that any hope lies in congressional action. The Senate Subcommittee on Patents, Trademarks, and Copyrights has already made some effort to formulate more precise criteria of patentability. However, there is every indication that until more conclusive action is taken, the law will remain in its present unsettled condition."

The Senate Subcommittee[15] indicated in its report that the standards can best be composed by this Court taking a case under consideration. At page 14, the report reads as follows:

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15. Study of The Subcommittee on Patents, etc. of the Committee on The Judiciary, U. S. Senate, 85th Congress, 2nd Session, Study No. 25.

> "All these matters could best be clarified by the Supreme Court itself in the light of the Patent Act of 1952, particularly 35 U. S. C. 103 and 282, if it took under consideration a close case involving the A. and P. standard and preferably one in which it could hold the patent valid."

It is in the public interest that the standard be substantially common in all of the circuits. This can be achieved only if this Court gives direction to the standard and makes the pronouncement that the statute with its more objective criteria of patentability has replaced the diverse and divergent views of the many decisions applying the vague and personal concept of "invention." At present, the disparate standards encourage infringers to forum-shop and seek suit by declaratory judgment in a circuit hostile to patents.[16] Infringers know that they can unlawfully appropriate inventions and infringe with substantial impunity by conducting their operations in certain of the circuits. Such conditions are demoralizing to the small businesses who rely on patents to give them a competitive position vis-a-vis the giant corporations.

In the instant suit, the largest television accessory laboratory in the world simply ignored the notification of infringement and copied plaintiff's unique insulator. At

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16. Hearings before the Subcommittee on Patents, etc. of the Committee on the Judiciary U. S. Senate, 84th Congress, First Session, Oct. 10, 11 and 12, 1955, at page 178, a chart showing that between the years 1948-1954, 26% of all patents litigated in the Second Circuit were held valid and infringed, 7.5% in the Third Circuit, 8.4% in the Eighth Circuit, 11.5% in the First Circuit, and 34% in the Fourth Circuit. The Staff Report of the Subcommittee on Patents, etc. of the Committee on the Judiciary, U. S. Senate, 85th Congress, 2nd Session, at pages 24, 25, updates the statistics for the several circuits and reveals the continuing lack of harmony between the circuits.

the time plaintiff was a small business and shortly after it introduced its unique insulator it suffered production problems, which is not unusual when the small business attempts something new. In the meantime defendant, with its nationwide distribution system, immediately dominated the market with the infringing insulator. The demand for plaintiff's insulator, therefore, declined, and plaintiff was never able to recover from its production problems and went bankrupt.

We submit, that if the mortality rate of patents in the Second Circuit were not so high, it is probable that defendant would not have copied plaintiff's insulator in utter disregard of plaintiff's presumptive rights, but would have requested a license or continued to search for its own insulator. With respected patent protection, plaintiff could have had the time to correct its production problems, and delivered its overwhelming orders for 4,000,000 insulators and remained in business. We submit that the artificially high and intuitive level of "invention" applied by the Court of Appeals indirectly contributed to the bankruptcy of plaintiff's small business.

Research effort and expenditure by the small company can only be justified if its inventions are protected. A small business cannot compete with the large company when it offers the same product, as it doesn't have comparable advertising and merchandising facilities. Patent protection and trade secrets are the only shields which small business has against outright copying by the large company, and in a product such as here, there can be no trade secrets.

If the large company can simply copy the patented product with impunity, the small company has not only lost the expense of research in developing the patented invention,

but has lost its reason for survival—the ability to offer a unique product.

For the above reasons, Petitioner respectfully urges that this Honorable Court grant Petitioner's Writ of Certiorari.

Respectfully submitted,

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APPENDIX

Opinion of the United States Court of Appeals

UNITED STATES COURT OF APPEALS

FOR THE SECOND CIRCUIT

No. 223—October Term, 1962

(Argued January 23, 1963 Decided March 1, 1963)

Docket No. 27861

JEROME GROSS,

Plaintiff-Appellee,

v.

JFD MANUFACTURING CO., INC.,

Defendant-Appellant.

Before:

FRIENDLY, KAUFMAN and MARSHALL, *Circuit Judges.*

MARSHALL, *Circuit Judge:*

JFD Manufacturing Co., Inc., defendant below, appeals from an order of the United States District Court for the Eastern District of New York, John F. Dooling, J., adjudging planitiff's patent valid and infringed. Plaintiff, Jerome Gross, sought relief for alleged infringement of his patent No. 2,688,655, issued September 7, 1954, on a stand-off insulator for television antenna lead-ins and simi-

lar high frequency conductors. Jurisdiction was asserted under 28 U. S. C. A. §§1338 and 1400. After trial without a jury, Judge Dooling issued an order accompanied by findings of facts, conclusions of law, and a memorandum opinion. His decision in favor of the validity of the patent was based on the presumption of validity of patents and on "rejection of the contention that 'obviousness' is self-evident."[1]

Stand-off insulators are so named because they are used to hold a television or radio cable away from the side of a building or structure. Prior to 1953 the conventional stand-off insulator for lead-in lines from a television antenna down the side of the supporting building to the receiver was a long-shanked wire eye-bolt with a straight shank end threaded and the eye-end not quite closed on the shank. In the eye-end, a disc-like insert made of a low-loss dielectric such as polyethylene was snugly fitted within the encircling wire eye. The insert was radially slotted to receive television transmission lines and could be rotated in the eye so that its radial slot could be turned to the gap between the shank of the eye-bolt and the end of the eye wire. These insulators could then be installed in a wall or mast and the transmission line slipped into the eye and insert slot without threading the whole line through the insulator from end to end.

The introduction of Ultra High Frequency television in 1952 and 1953 brought about study of the problems involved in receiving UHF signals, including the problem of

1. "The finding of validity here is rested on the presumption and on rejection of the contention that 'obviousness' is self-evident. Obviousness has not been shown as a fact; indeed, other solutions pre-existed or accompanied plaintiff's (Odegaard and Marth) and were different and, in the judgment of the trade, inferior. Obviousness in a legal sense, that is, judicially noticeable obviousness, subjectively arrived at, is not present; there is here only that patina of obviousness that correct solutions always have, no less in mechanics than in mathematics, and that arises from the subjective tendency to treat what is comprehended as being obvious."

the interference caused by the complete encircling of the lead-in cable by the metal eye. The Gross insulator solved this problem by having the wire bent at a right angle and tightly affixed around the base of a rectangular holder instead of encircling a round one. By using a transverse, rather than peripheral, connection the insulator avoided interference with UHF transmission and reduced or eliminated standing waves, impedence mismatch, and capacitance signal loss. The patent was obtained on September 7, 1954. By letter of October 21, 1954, plaintiff notified defendant of its patent and alleged infringement by the defendant. Six years later this case was filed.

Judge Dooling's findings of fact are not seriously challenged. Rather, defendant JFD argues against the legal conclusions as to patentability. It is our duty to review the order upholding the validity of the patent. *Titcomb v. Norton Co.*, 307 F. 2d 253, 255 (2 Cir. 1962). We have done so, find the patent invalid, and reverse.

In order to prevail Gross had to bring its insulator within the provisions of Sections 101 and 103 of Title 35 of the United States Code:

"Section 101:

> Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Section 103:

> A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the

art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.'"[2]

We recognize that there is a presumption, which is rebuttable, in favor of the Gross patent and that the burden of establishing the invalidity of the patent is on JFD. 35 U. S. C. A. §282; *Mumm* v. *Decker & Sons*, 301 U. S. 168 (1937). The balance was recently struck by this court in *Lorenz* v. *F. W. Woolworth Co.*, 305 F. 2d 102, 105 (2 Cir. 1962):

"Appellant places great weight on the presumption of validity attached by statute to a duly issued patent (35 U. S. C. §282 (1958)). The presumption of validity relieves the patent holder of the burden of establishing that validity as a requisite for the successful maintenance of an infringement action, and places the burden of establishing invalidity on the alleged infringer who asserts it. International Carrier-Call & Television Corp. v. Radio Corp. of America, 142 F. 2d 493, 495 (2 Cir. 1944); Western States Mach. Co. v. S. S. Hepworth Co., 147 F. 2d 345, 348 (2d Cir.) cert. denied, 325 U. S. 873, 65 S. Ct. 1414, 89 L. Ed. 1991 (1945). More than that, the most that can be said of the presumption is that it requires that reasonable doubt on the question of validity be resolved in favor of the patent holder. See Mumm v. Decker & Sons, 301 U. S. 168, 171, 57 S. Ct. 675, 81 L. Ed. 983 (1937). The statute does not require that the presumption be accorded the weight of actual evidence or that the use of the presumption should affect a decision of invalidity that would otherwise be reached with confidence. This court has recognized the unavoidable obstacles to an

2. See "The Standard of Patentability—Judicial Interpretation of Section 103 of the Patent Act," 63 Colum. L. Rev. 306 (1963).

accurate and impartial decision that are inherent in *ex parte* proceedings in the patent office, Guide v. Desperak, 249 F. 2d 145, 148 (2d Cir. 1957). We cannot properly allow decisions of that office to alter the preponderance of the evidence on the question of validity. See Great Atlantic & Pacific Tea Co. v. Supermarket Equipment Corp., 340 U. S. 147, 156, 71 S. Ct. 127, 95 L. Ed. 162 (1950); In re Thomson, 26 App. D. C. 419, 425 (1906); cf. Lyon v. Bob, 1 F. 2d 48 (S. D. N. Y. 1924) (L. Hand, J.), rev'd, 10 F. 2d 30 (2d Cir. 1926)."

Gross insists that we cannot reverse without holding the District Judge's findings of fact to be "clearly erroneous." This is not true. *Great Atl. & Pac. Tea Co.* v. *Supermarket Equip. Corp.*, 340 U. S. 147 (1950).[3] The question of the validity of a patent is a question of law. *Mahn* v. *Harwood*, 112 U. S. 354 (1884); *Gillman* v. *Stern*, 114 F. 2d 28 (2 Cir. 1940), *cert. denied*, 311 U. S. 718 (1941).

The order of the District Court was erroneous because the legal standards for determining whether a patent is valid were not properly applied. The terms of the statute draw a clear line between devices which are true discoveries and devices which would "have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains." 35 U. S. C. A. §103. If an improvement is to obtain the privileged

3. "It is urged, however, that concurrence of two courts below, in holding the patent claims valid, concludes this Court. A recent restatement of the 'two-court rule' reads, 'A court of law, such as this Court is, rather than a court for correction of errors in fact finding, cannot undertake to review concurrent findings of fact by two courts below in the absence of a very obvious and exceptional showing of error.' *Graver Tank & Mfg. Co.* v. *Linde Air Products Co.*, 336 U. S. 274, 275, 93 L. Ed. 672, 677, 69 S. Ct. 535. The questions of general importance considered here are not contingent upon resolving conflicting testimony, for the facts are little in dispute. We set aside no finding of fact as to invention, for none has been made except as to the extension of the counter, which cannot stand as a matter of law. * * *" 340 U. S. at 153-54.

position of patent protection, more ingenuity must be exercised in its creation than merely that which is possessed by an ordinary mechanic acquainted with the business and skilled in the art. *Lyon* v. *Bausch & Lomb Optical Co.*, 224 F. 2d 530 (2 Cir.), *cert. denied*, 350 U. S. 911 (1955). As was said in *Hobart Mfg. Co.* v. *Landers, Frary & Clark*, 26 F. Supp. 198, 202 (D. C. Conn.), *affirmed per curiam*, 107 F. 2d 1016 (2 Cir. 1939):

> "Assuming that the devices disclosed in the three patents relied on by the defendant have some defects, it is obvious that a mere difference or change in the mechanical construction in size or form of the thing used, in order to obviate known defects existing in the previous devices, although those changes are highly advantageous, and far better and more efficacious and convenient, does not make the improved device patentable. In order to be patentable, it must embody some new idea or principle not before known. It must be a discovery, as distinguished from mere mechanical skill or knowledge."

The District Judge found that the Gross insulator had electrical and mechanical advantages not combined in the prior art. However, a careful examination of the entire record and exhibits, including the several types of lead-in insulators, convinces us that these advantages resulted from the use of a mechanical skill which cannot be deemed to reach the level of invention. In order to avoid encirclement of the lead-in cable, the insulating disc could most obviously either be grasped transversally by the wire or the wire could be inserted in the bottom of the disc. Gross chose the first method. In addition, the Gross insulator re-shaped the disc from circular to rectangular and split it in the middle so that the cable could be clasped rath than inserted. Similar use of bare mechanical skill has been held not to meet the traditional standards governing

the validity of patents. In *E. J. Brooks Co.* v. *Stoffel Seals Corp.*, 266 F. 2d 841, 843 (2 Cir.), *cert. denied*, 361 U. S. 883 (1959), this court stated:

> "It concededly differs from tags long used on poultry only in its mode of affixture. This change hardly reaches that level of invention required by statute and the Constitution for the grant of a patent monopoly. 35 U. S. C. 103; U. S. Const. Art. 1, s. Affixture by clamping is as common as the ordinary clothespin used to hold clothes on a line. And the bent metal tongue which develops the tag's clamping pressure is a simple toggle not unlike toggles used to develop a controlled pressure in devices as diverse as stone crushers, wagon brakes, and shoe trees. Such an adaptation of a device common to many dissimilar fields, achieving no unusual results and solving no problems of recognized difficulty, is clearly not invention. Welsh Mfg. Co. v. Sunware Products Co., 2 Cir., 236 F. 2d 225, 226.
>
> The device is, in short, a simple and obvious gadget of the type held unpatentable in Great Atlantic & Pac. Tea Co. v. Supermarket Equipment Corp., 340 U. S. 147, 71 S. Ct. 127, 95 L. Ed. 162, or Savoy Leather Mfg. Corp. v. Standard Brief Case Co., 2 Cir., 261 F. 2d 136, or Surgitube Products Corp. v. Scholl Mfg. Co., 2 Cir., 262 F. 2d 824; and it is clearly more obvious than the widely used and highly successful Zoomar lens held not novel in Zoomar, Inc. v. Paillard Products, 2 Cir., 258 F. 2d 527, certiorari denied 358 U. S. 908, 79 S. Ct. 237, 3 L. Ed. 2d 230."

See also *Yawman & Erbe Mfg. Co.* v. *Cole Steel Equip. Co.*, 277 F. 2d 876 (2 Cir. 1960); *Schreuer* v. *Casco Prods. Corp.*, 190 F. 2d 921 (2 Cir. 1951), *cert. denied*, 342 U. S. 913 (1952).

In *Wintermute* v. *Hermetic Seal Corp.*, 279 F. 2d 60, 62 (3 Cir. 1960), the rule was restated:

> "We do not mean that the plaintiff has not produced a useful article, and we have carefully sought to avoid confusing simplicity with hindsight. But it is not enough that the claimed discovery is useful, or even that it is an improvement. It must show an inventive advance, and must differ from elements previously known in such a way that the subject would not have been obvious to one skilled in the art. Given the particular problem and the need for its solution, a skilled mechanic could draw upon his knowledge of the art to create the housing here involved, or one substantially like it, without the exercise of inventive faculty."

See also *Robins Indus. Corp.* v. *David Riemer Co.*,—F. 2d —(2 Cir. 1963).

Gross also argues that his product was a great commercial success, and the District Court indeed found that a company owned by Gross had received orders for 4,000,000 of the patented insulators, and that its failure to deliver more than a few hundred thousand was due to inability to obtain the wire components. We need not determine whether this history, culminating in the bankruptcy of the company, would constitute commercial success. For commercial success is neither a substitute for invention nor sufficient evidence of it where lack of invention is so plain as here. *Titcomb* v. *Norton Co.*, 307 F. 2d 253, 256 (2 Cir. 1962). See *Goodyear Tire & Rubber Co.* v. *Ray-O-Vac Co.*, 321 U. S. 275, 279 (1944).

We conclude that the Gross patent fails to meet the recognized statutory standards for invention, that the patent is invalid, and that the order of the District Court must therefore be reversed.

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IN THE

Supreme Court of the United States

No. 1114

JEROME GROSS,

Petitioner,

v.

JFD MANUFACTURING CO., INC.

Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

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In its petition for a writ of certiorari the petitioner has managed to avoid apprising this Court of the substance of the alleged invention involved here. Actually, the "invention" comprised the removal of an encircling wire (which everyone recognized as undesirable for the then new field of ultra high frequency transmission), to an alternative position where it did not encircle the cable.

Ultra high frequency transmission began in 1953-54. At this time it was an old and well known fact that cables which carry high frequencies should not be encircled by metal (R. 48a). According to one witness, it is " * * * one of the first things that you learn when you get into high frequency work" (R. 48a). The Trial Court stated that this was common knowledge and that nobody could get credit for that observation (R. 110a, 111a).

The petitioner applied for his patent contemporaneously with the appearance of the new need. Nothing in the record shows that anyone was baffled by the new require-

ments. The patent was a simple mechanical response to circumstances as they arose and involved bare mechanical skill as pointed out by the decision of the circuit court. (See page 20 of the petition for writ of certiorari.) In fact, petitioner conceded at the trial that the mechanical arrangement of his device was a well known mechanical expedient (R. 96a).

The petitioner herein attempts to make out a case by employing transparent fabrication and by recklessly misquoting or mis-paraphrasing, the record. For example, petitioner boldly states on page 8 of its petition that "Defendant, the largest television accessory laboratory in the world, sought *intensively* for a solution to the problem." Petitioner cites Finding 20 as its source.

We now look at Finding 20 (R. 146a). It states that defendant "*had not intensively pursued* the development of an improved stand-off insulator", separately from its general antenna work. Obviously the petitioner is boldly misquoting the record. As to the defendant being the "largest television accessory laboratory in the world," the statement is absurd. Certainly corporations like R.C.A., General Electric, Westinghouse and the like would be amazed to learn that the "laboratory" of JFD Company is larger than is theirs. In fact, nothing in the record discloses anything of a laboratory in the defendant's plant. The petitioner neatly distorted the defendant's statement on page 177a of the record, to the effect that if one added up all individual units sold, the defendant could "conceivably be the world's largest *manufacturer*" (of television accessories). Nothing about a laboratory was mentioned. In fact, on page 179a of the record which petitioner refers to, it is shown that the defendant simply hires others to do its designing.

The repeated assertions that the "problem" was baffling are absurd. That the problem baffled no one is apparent from the petitioner's own testimony. The petitioner de-

scribed the creative process which gave birth to the insulator as follows:

> "Q. Is it also violating your rights if I ask you how you came to invent this insulator? A. Well, the business I was in I was always looking for good-functioning marketable items and after fooling around with ideas on stand-off insulators, I came up with the combination which I later applied for a patent for.
>
> Q. What was the problem that necessitated this search of yours? A. Oh, to come up with something that functioned better.
>
> Q. For what purpose? A. Oh, more convenient to use for the installation man and which in turn would be an electrical improvement over the ordinary stand-off.
>
> Q. What was the problem that was bothering you or the industry? A. Well, it wasn't a matter of what was bothering the industry. I just figured if I came up with an improved version of the stand-off, I would have a good marketable item, period.
>
> Q. Did it have anything to do with the higher frequency coming into use? A. That had some bearing on it.
>
> Q. When did these higher frequencies come into use? A. Somewhere in the particular time area, where I invented this insulator and started to market it." (8a)

In the case of *E. J. Brooks Co.* v. *Stoffel Seals Corp.*, 266 F. 2d 841, 842 (2d Cir. 1959), cert. denied, 361 U. S. 883, the court considered the "problem" criterion and stated:

> "When questioned by the court as to the problem on which he and the rest of the industry allegedly had been working before Ashton came out with his tag, he could answer only in terms of Ashton's solution, and how good that was, surpassing his own prior efforts in various features."

The petitioner in this case was likewise unable to even claim that a problem had existed.

In reality, petitioner is reduced to the contention that he was speedier and got to the patent office about three or four months before the defendant announced its insulator. The finding below that the defendant had not intensively pursued the solution accounts for its delay and not a word in the record suggests that the problem baffled it.

Petitioner also asserts that defendant and substantially the entire industry copied its insulator. However, compare the actual record where the plaintiff's attorney stated to the defendant witness:

> "Yours may be better, I am not arguing, yours may be better, indeed the trade copied yours." (R. 39a)

Thus, although having admitted that the trade copied the defendant's better insulator, petitioner asserts the exact opposite.

On page 9 of the petitioner's brief, it cites the case of *Armour & Co.* v. *Wilson & Co.*, 274 F. 2d 143 for the proposition that the reviewing court should accept the trial court's findings of fact on the question of invention "unless clearly erroneous." That very case, however, does not support the proposition at all. Reference to that decision at page 156 thereof makes it clear that the review of the ultimate determination is one of law, not fact. The question of whether the device is obvious was there stated to be "—a legal judgment and as such is subject to review by an appellate tribunal as a question of law" (274 F. 2d at p. 156). In *Titcomb* v. *Norton Co.*, 307 F. 2d 255 (2d Cir. 1962) it was stated that the legal conclusions as to whether or not a device involves invention are fully reviewable by the Court.' There is indeed unanimity in the circuits as deducible from the last paragraph of the above *Armour & Co.* v. *Wilson & Co.* case, at 274 F. 2d 143, 156. The petitioner hardly succeeds here in showing a disparate view in another circuit.

Further, the question has been precisely considered by this Court. In the case of *Great Atlantic & Pacific Tea Co.* v. *Supermarket Equipment Corp.*, 340 U. S. 147, 154 (1950), it was stated in a concurring opinion:

> "The standard of patentability is a constitutional standard; and the question of validity of a patent is a question of law. Mahn v. Harwood, 112 U. S. 354, 358. The Court fashioned in Graver Mfg. Co. v. Linde Co., 336 U. S. 271, 275, a rule for patent cases to the effect that this Court will not disturb a finding of invention made by two lower courts, in absence of a very obvious and exceptional showing of error. That rule, imported from other fields never had a place in patent law. Having served its purpose in Graver Mfg. Co. v. Linde Co., it is now in substance rejected. The Court now recognizes what has long been apparent in our case: that it is the 'standard of invention' that controls. That is present in every case where the validity of a patent is in issue. It is that question which the Court must decide. No 'finding of fact' can be a substitute for it in any case. The question of invention goes back to the constitutional standard in every case. We speak with final authority on that constitutional issue as we do on many others.
>
> The attempts through the years to get a broader, looser conception of patents than the Constitution contemplates have been persistent. The Patent Office, like most administrative agencies, has looked with favor on the opportunity which the exercise of discretion affords to expand its own jurisdiction. And so it has placed a host of gadgets under the armour of patents—gadgets that obviously have had no place in the constitutional scheme of advancing scientific knowledge."

The petitioner's claims of "overwhelming" commercial success must certainly be viewed as cynical. The exploitation of his trifling gadget promptly deposited him in the bankruptcy court. Petitioner, now for the first time, on page 13 of his petition, suggests that the defendant's alleged success might have had something to do with it.

The petitioner's "overwhelming orders for 4,000,000 insulators," must be be considered in the light of what these insulators cost. They sell for 2½¢ each (R. 35a-36a) and a million insulators sell for $25,000 so that these orders, (uncorroborated and admittedly never filled) amount in all to $100,000. Actual sales were about $6,000 which was characterized as a great failure (R. 36a). Even the sales of defendant's improved insulator progressively have dwindled to nothing and now, about eight years after the patent issued, it has practically vanished from the market (R. 33a; 36a-37a). Accordingly, so-called commercial success is imaginary and completely untrue. However, even if true it could not save this device where lack of invention is so plain, as the reviewing court in this case pointed out, citing *Goodyear Tire & Rubber Co. v. Ray-O-Vac Co.*, 321 U. S. 275, 279 (1944). (Petition P. 22).

The petitioner points out on page 11 of his petition that Judge Medina has stated in a previous case that whether or not a patent is sustained has come to depend on the particular reviewing panel of a circuit bench. However, even this contention can not help this petitioner. In this case, he petitioned for a rehearing *in banc*, which was denied on March 26, 1963 on the ground that no active circuit judge requested that it be heard. Accordingly, apparently no judge in the Second Circuit was impressed by the petitioner's claim of invention, including, of course, the three judges who unanimously rendered the decision below.

It is notable that instead of analyzing, or even barely describing the alleged invention, the petitioner indulges in philosophy regarding the demoralizing condition which results from the copying of a small businessman's "invention" by large corporations. In the first place, the defendant here designed its own insulator which the plaintiff admitted was superior to its own. Secondly, the device was a trifling gadget which was by far the least important part of the defendant's overall system (R. 40a).

The repeated assertion that defendant labored intensively for eight months to solve the problem is not only imaginary, but it contradicts the Finding 20 which the petitioner relies upon in his support of the statement. The defendant showed on page 40a of the record, that it was working on a complete line of antennas, of which this insulator was the least important part.

Finally, the philosophies of the petitioner in advocating monopolies of the type herein contended for, are alien to our economic policies. For historic fundamental reasons, it has been pointed out by the Supreme Court that patent monopolies should not lightly or capriciously vest. As the Supreme Court stated in *Cuno Engineering Corp. v. Automatic Devices Corp.*, 314 U. S. 84, 92 (1941):

> "Strict application of that test is necessary lest in the constant demand for new appliances the heavy hand of tribute be laid on each slight technological advance in an art. The consequences of the alternative course were forcefully pointed out by Mr. Justice Bradley in Atlantic Works v. Brady, 17 Otto 192, 200: 'Such an indiscriminate creation of exclusive privileges tends rather to obstruct than to stimulate invention. It creates a class of speculative schemers who make it their business to watch the advancing wave of improvement, and gather its foam in the form of patented monopolies, which enable them to lay a heavy tax upon the industry of the country, without contributing anything to the real advancement of the arts. It embarrasses the honest pursuit of business with fears and apprehensions of concealed liens and unknown liabilities to lawsuits and vexatious accountings for profits made in good faith.' • • • "

Recently the Eighth Circuit Court of Appeals in *Welsh Co. of California v. Stroley of California Inc.*, 313 F. 2d 928, 928 (1963) stated:

> Many patent lawyers do not look with favor upon the pronouncement of the Supreme Court in the

Great A. & P. Tea Co. case that requires the lower courts to:

> "scrutinize combination patent claims with a care proportioned to the difficulty and improbability of finding invention in an assembly of old elements. The function of a patent is to add to the sum of useful knowledge. Patents cannot be sustained when, on the contrary their effect is to substract from former resources freely available to skilled artisans. A patent for a combination which only unites old elements with no change in their respective functions, such as presented here, obviously withdraws what already is known into the field of its monopoly and diminishes the resources available to skillful men." 340 U. S. 147 at 152-153, 71 S. Ct. 127, at 130-131, 95 L. Ed. 162 (1950).

Conclusion

This case involves the patentability of a device of sorry economic history and which the court below has labeled as plainly lacking in invention.

No serious argument controverts that holding and review thereof by *certiorari* would appear unwarranted.

The petition should be denied.

Dated: New York, June 3, 1963.

Respectfully submitted,

S. Stephen Baker,
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